NUEXCO

EXECUTIVE SUMMARY
REPORT 206
(All data as of September 30, 1985)

Exchange Value $16.00, unchanged

The **Exchange Value** is **$16.00** per pound U_3O_8, unchanged since last month.

UF_6 Value $44.50, unchanged

The **UF_6 Value** is **$44.50** per kilogram U as UF_6, unchanged since last month.

Transactions

Four recent natural uranium sales are reported, involving approximately 300 thousand pounds U_3O_8 equivalent. All of the sales involved spot or near-term delivery and three met the conditions for inclusion in the Transaction Value. Two of the sales involved natural UF_6.

Supply-Demand Ratio fell to 1.9:1

Active spot and near-term **uranium supply** amounts to **2.1 million** pounds U_3O_8 equivalent, down 1.2 million pounds since last month. Active spot and near-term **uranium demand** totals **1.1 million** pounds, down 105 thousand pounds. The spot and near-term **supply-demand ratio** fell to **1.9:1.**

Transaction Value unchanged at $15.10

The **Transaction Value** is **$15.10** per pound U_3O_8, unchanged since last month. The calculation includes 17 transactions involving a total of 2.7 million pounds U_3O_8 and equivalent UF_6, and covers a period of 4 months.

Loan Use Charge Rate unchanged at 5%

The **Loan Use Charge Rate** is **5 percent** per annum, unchanged.

Conversion Value unchanged at $1.60

The **Conversion Value** is **$1.60** per pound U as UF_6, unchanged since last month. Active secondary market supply for conversion services for delivery within three years totals 100 thousand pounds U as UF_6. No active demand is reported.

SWU Values: $85 for DOE-origin for delivery by the end of FY86 $78 for non-DOE origin for delivery by the end of calendar year 1986

The **SWU Value** for DOE origin at .3 tails and certifiable as excess, is **$85** per SWU for delivery by the end of FY86. The SWU Value for other SWUs (non-DOE or non-certifiable) is **$78** per SWU for delivery by the end of calendar year 1986. Three secondary market SWU transactions are reported, involving 50 to 100 thousand SWUs.

Pricing

Analyzes effects of recent rulings that USEC is invalid and that US uranium production industry is not viable.

Raw Materials

Canada's Cigar Lake is the largest high-grade uranium deposit in the world. Its discovery has reshaped the future of the Canadian uranium industry. The mining plan probably will combine conventional procedures, augmented by techniques designed to overcome the special circumstances of high-grade ore and unstable ground conditions.

Australia

Australians, believing that Australia's prospects for entering into significant long-term uranium contracts are improving, have stepped up commercial efforts. Their optimism must be tempered, however, by recognition of the burden that is imposed by the government's insistence on a US$31 floor price.

South Africa

Although Pretoria has proposed various concessions toward blacks, they have been so qualified and vague that observers remain unconvinced. South African business leaders have put pressure on the government to institute meaningful reforms, but the violence and the economic crisis continue.

Focus

Eldorado Resources Limited of Canada, one of five providers of conversion services (U_3O_8 to UF_6) for the commercial market, recently completed an extensive expansion of its facilities. The implementation of the Canadian government's upgrading policy will affect Eldorado's conversion market as Canadian uranium production increases.

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NUEXCO REPORT 206 FIGURES OF THE MONTH (September 30, 1985)	This Month (Report 206)	Last Month (Report 205)	12 Months Ago (Report 194)
Exchange Value[1]	16.00	16.00	17.50
Transaction Value[1]	15.10	15.10	16.55
UF_6 Value[2]	44.50	44.50	—
Loan Use Charge Rate[3]	5%	5%	6%
Conversion Value[4]	1.60	1.60	1.00
Near-Term Uranium Supply[5]	2.1	3.3	5.5
Near-Term Uranium Demand[6]	1.1	1.2	0.1
Near-Term Supply-Demand Ratio	1.9	2.8	5.8
Recent Uranium Sales:			
Number of Transactions[7]	4	3	4
Quantity of Material[8]	0.3	0.4	2.0
Nuexco SWU Values:[9]			
DOE origin, certifiable as excess, 0.3 tails assay, delivery before the end of FY86	85	85	—
Other SWUs (non-DOE or non-certifiable), delivery by the end of calendar year 1986	78	81	—
USDOE SWU Prices:			
USEC	125.00[10]	135.00	135.00
AFC	153.00[11]	153.00[11]	153.00[11]
Requirements	157.00[11]	157.00[11]	157.00[11]
Market Value of Enriched UF_6[12, 13]:			
2.5 w/o U^{235}	459	459	587
3.0 w/o U^{235}	589	589	758
3.5 w/o U^{235}	722	722	932
4.0 w/o U^{235}	857	857	1,109

[1]US $ per pound U_3O_8 equivalent.
[2]US $ per kilogram U as UF_6.
[3]Per annum.
[4]US $ per pound U as UF_6.
[5]Active inquiries to sell, for delivery within 12 months after contract signing (millions of pounds U_3O_8).
[6]Active inquiries to purchase, for delivery within 12 months after contract signing (millions of pounds U_3O_8).
[7]Uranium sales only; does not include loans, conversion, or SWU transactions.
[8]Millions of pounds U_3O_8 equivalent.
[9]US $ per SWU.
[10]Effective 10/1/85.
[11]Effective 10/1/84.
[12]Calculated using the Nuexco Exchange Value, Conversion Value, and 0.30 percent tails assay. From 3/30/84 through 4/29/85, calculations used the Nuexco SWU Value for DOE origin and FY85 delivery. As of 4/30/85, calculations use the Nuexco SWU Value for DOE origin and delivery by the end of FY86.
[13]US $ per KgU as UF_6, rounded to the nearest $.

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